

SF 2301 (LSB 5838SV (~~2~~5) 86)

~~SENATE FILE 2301~~

~~BY COMMITTEE ON WAYS AND MEANS~~

~~(SUCCESSOR TO SF 2100)~~

~~A BILL FOR~~

~~An Act relating to the Iowa educational savings plan trust and including effective date provisions.~~

RELATING TO THE IOWA EDUCATIONAL SAVINGS PLAN TRUST AND INCLUDING EFFECTIVE DATE AND RETROACTIVE APPLICABILITY PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 12D.1, subsection 2, paragraphs e and g, Code 2016, are amended by striking the paragraphs and inserting in lieu thereof the following:

e. "Higher education costs" means the same as "qualified higher education expenses" as defined in section 529(e)(3) of the Internal Revenue Code.

g. "Internal Revenue Code" means the same as defined in section 12I.1.

Sec. 2. Section 12D.1, subsection 2, paragraph i, Code 2016, is amended to read as follows:

i. "Participant" means an individual, individual's legal representative, trust, ~~or~~ estate, or an organization described in section 501(c)(3) of the Internal Revenue Code and exempt from taxation under section 501(a) of the Internal Revenue Code, that has entered into a participation agreement under this chapter for the advance payment of higher education costs on behalf of a beneficiary.

Sec. 3. ~~EFFECTIVE UPON ENACTMENT. This Act, being deemed of immediate importance, takes effect upon enactment.~~ Section 422.9, subsection 2, Code 2016, is amended by adding the following new paragraph:

NEW PARAGRAPH. 7. Subtract charitable contributions under section 170 of the Internal Revenue Code to the extent such contribution was made to an organization for the purpose of deposit in the Iowa education savings plan trust established in chapter 12D, and the taxpayer designated that any part of the contribution be used for the direct benefit of any dependent of the taxpayer or any other single beneficiary designated by the taxpayer.

EXPLANATION

~~The inclusion of this explanation does not constitute agreement with~~

Sec. 4. Section 422.35, Code 2016, is amended by adding the following new subsection:

NEW SUBSECTION. 13. Add, to the extent it reduced federal taxable income, any amount contributed under section 170 of the Internal Revenue Code to the extent such contribution was made to an organization for the purpose of deposit in the Iowa education savings plan trust established in chapter 12D, and the taxpayer designated that any part of the contribution be used for the direct benefit of any dependent of a shareholder of the taxpayer or any other single beneficiary designated by the taxpayer.

Sec. 5. EFFECTIVE UPON ENACTMENT. This Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 6. RETROACTIVE APPLICABILITY. The following provision or provisions of this Act apply retroactively to January 1, 2016, for tax years beginning on or after that date:

1. The section of this Act amending section 422.9.

2. The section of this Act amending section 422.35.

PAM JOCHUM

President of the Senate

LINDA UPMEYER

Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2301, Eighty-sixth General Assembly.

MICHAEL E. MARSHALL

Secretary of the Senate

Approved _____, 2016

Compare

TERRY E. BRANSTAD

~~the explanation's substance by the members of the general assembly.~~

~~— This bill relates to the Iowa educational savings plan trust, also known as the Iowa college savings 529 plan. The bill adds tax exempt, Internal Revenue Code §501(c)(3) nonprofit organizations as entities eligible to participate in the Iowa college savings 529 plan. These organizations will now be eligible to open accounts for individual beneficiaries and make contributions for the future payment of higher education costs on behalf of those beneficiaries. The bill also amends the definition of "higher education costs" and "Internal Revenue Code" under the Iowa college savings 529 plan.~~

~~— The bill takes effect upon enactment.~~

Governor

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